

## **The Boston Earned Income Tax Credit (EITC) Electronic Filing and Technology Access Project**

### **I. Project Purpose**

**The Need/Problem:** The National Tax Assistance for Working Families Campaign tells us that the Earned Income Tax Credit (EITC) program, dedicated to providing tax credits to people who earn very marginal incomes, far exceeding the taxes deducted under ordinary circumstances, is one of the most successful federal anti-poverty programs ever developed. Supported by every federal administration since its inception in 1975, EITC significantly increases the number of single parents who join the workforce. Interviews suggest that EITC workers use their refunds to pay off debt, invest in education, and secure decent housing, thus enhancing their economic security and promoting economic opportunities in their neighborhoods. EITC provided over \$30 billion to 18.4 million low-income families in 2001. Nearly five million people—roughly half of them children—escape poverty each year due to the EITC. EITC can provide up to \$4,140 per year, based on family size and income—and for those who have not filed, three years of back eligibility benefits are available. This is a substantial amount of money for most families, and it can make a tremendous difference in their lives.

Unfortunately, many families are unaware of the tax credits they qualify for under federal and state tax codes, and, when they do claim the credits, they often lose much of their return to high commercial preparation fees, "rapid refund" loans, and check-cashing operations.

National and Local campaigns have sprung up to help people receive the financial support that has been established by legislation to help them. In Boston, Massachusetts, the EITC Coalition formed on October 16, 2001 when Mayor Tom Menino (a graduate of the College of Public and Community Service at UMass/Boston) held a breakfast for business leaders in response to the fact that: 1) \$9 million dollars of federal EITC money went unclaimed in 1999 in the city and 2) thousands of Boston residents who did claim their EITC credit paid high fees for tax preparation and exorbitant interest rates for Rapid Access Loans. In 2002 the City crafted a successful campaign that brought more than half a million dollars back into the community through free tax preparation. This year's goal, to return at least \$1.5 million EITC dollars into the neighborhoods of Boston, more than \$5 million overall in state and federal taxes, was surpassed—with \$5.5 million returned to taxpayers (\$4.3 federal, \$1.2 state) with a total EITC dollar amount of almost \$2 million.

Even as this year's campaign exceeded its goal, there will still be approximately \$7 million that is going unclaimed. Based on the Boston average of EITC refunds accounting for approximately 30% of the total federal and state return, more than \$20 million available for Boston residents is still going unclaimed. According to the City's Office of Jobs and Community Services which oversees the City's involvement in the EITC Coalition's efforts, "Nationally, the total is \$8-10

billion." The Annie E. Casey Foundation supports an EITC Cross-Site Learning Exchange so the communities with campaigns can learn from each other and develop common resources.

A credible solution that employs network technologies with realistic, measurable outcomes:

Among the many national and local campaigns, one of the helpful new technology tools to assist with this is I-CAN!, developed by the Legal Aid Society of Orange County, California. I-CAN! is a web-based application that allows taxpayers to easily claim their federal Earned Income Tax Credit; it allows users to complete their returns on their own for free. It is available in Spanish and Vietnamese and includes video and other multi-media components especially for low-literacy applicants and those whose primary language is not English. I-CAN! was certified by the IRS at the end of 2002 as an online tax provider.

In this first year of its national campaign, as the tax season was drawing to a close, according to the reports available on its web site, after April 15, 214 eligible filings were made (77 electronically, 134 with printed copies), primarily through legal services and related organizations, with 166 in California, home of the project. The I-CAN! EIC resulted in more than \$500,000 returned to taxpayers and low-income communities, \$342,000 in EITC funds. Of the total number, two were filed in Massachusetts.

Clearly, the potential of this online tool remains to be fully maximized. And, as it stands, I-CAN! can currently handle only a limited number of EITC-eligible recipients; those with 1099 income to report, for instance, cannot currently use it. Further developing and implementing an I-CAN! component in Boston will have measurable impact, one that ripples outward, throughout the state and region. And Boston is an ideal location to develop this program for its local impact — with its existing EITC program and its technology and CTC resources. It is ideal for its wider impact, too, especially as the Mayor and the Boston EITC coalition are planning a regional/statewide conference. The new regional/statewide Commonwealth Broadband Collaborative developing an information and communications network specifically for community projects not ordinarily presented on traditional media can help broaden its reach as well. These efforts have their national counterparts, too.

I-CAN! can have a substantial impact in Massachusetts through a combination of technical advances, involvement with a wide number of Community Technology Centers (CTCs), in-person trainings, outreach and publicity, and integration of targeted groups who are likely to know and reach potential applicants as well as be trained to help them file. These program components are:

**Technical advances** to support both the Boston EITC and I-CAN! programs include the following which are further detailed in the appended letters of participation:

- For the Boston EITC coalition, transformation of the informal collection of information about volunteers into a more integrated, web-based information and communications volunteer management system.
- For I-CAN!, the development of a Massachusetts state form to supplement state tax filing with the national one as well as a systems enhancement to account for 1099 income which is not currently available on the system; provision of "training the trainer" sessions for Boston area project coordinators and selected CTC site program coordinators.

**The involvement of community technology centers (CTCs)** is one of the key features of this project and has ramifications beyond Boston since CTCs are ideally situated to provide electronic filing resources for their communities. CTCs are special parts of the communities where EITC recipients, applicants, and eligible applicants reside and are able to reach them as *community* centers, and CTCs, much more than legal or other support service agencies and programs, are specifically established to provide access and assistance to online filing resources as community *technology* centers. CTC involvement includes two distinct but integrated components: as outreach and referral agencies to full-service tax help centers, and as electronic application and filing centers themselves. The opportunities for people to receive email accounts and file electronically as well as take hard copies of their completed applications to file in the traditional manner opens the door, not only for a financial literacy support and courses that are being offered, but also for computer and technology access and education, and the project evaluation will track those who file in terms of their success in involving applicants in wider technology access and education. The fact that one in three I-CAN! applicants has chosen to file online (which requires the user to have an email address for verification and communication)—and that they have done so at primarily legal service centers which do not specialize in providing technology assistance generally—is a good indication that having I-CAN! resources open the door to wider technology access and education opportunities.

As a participating program partner, the Community Technology Centers' Network (CTCNet), with more than 1200 members nationally, 129 of whom are in Massachusetts, will target the 63 CTCs located in the City of Boston, a membership groups that strategically overlaps with the 23 Timothy Smith Community Technology Centers, established with common funding to help serve the Roxbury community. This provides a key network of CTCs, primed to be of service in both an information and referral capacity as well as direct servicing of applicants electronically through participation in I-CAN!. The project will be providing \$3,000 mini-grants available on a Request for Proposal (RFP) basis for 15 CTCs to be involved, a project to be administered and overseen by the CTCNet New England region.

**In-person trainings** will be provided for Boston center coordinators, selected volunteers, and CTCNet New England regional members, through the support of I-CAN!, and for a wider cadre through "Training the Trainer" sessions.

**Outreach and publicity** — for service agencies and community based organizations to become aware and help promote EITC for its clients and members, to recruit volunteers for electric filing assistance at CTCs and elsewhere and for assistance at tax centers, and to bring in eligible applicants. This outreach and publicity will supplement national and local campaign efforts and, in Boston as well as Cambridge, Somerville, Malden, and Lowell will be integrated through the participation of local community cable access centers over their local access channels and as part of their membership in the Commonwealth Broadband Collaborative.

**Integration of targeted groups** — Just as the involvement of Boston CTCNet affiliates provides a strategic in-road in reaching the target population, so does the involvement of two other special targeted groups, and their involvement impacts not only the Boston program but the wider circle of influence that they are involved with.

The project has developed a partnership to tap into the interest, willingness, and participation of members of Survivors, Inc., founded in 1987 and built on the premise that low-income women are best situated to advocate for themselves and their families. Over the last year Survivors, Inc.,

has successfully increased the number of women reached in welfare offices to 3,300; published two issues of *Survival News* and distributed over 4,000 copies of each, with an expanded Spanish segment to reach members of that community; organized 16 well-attended events and 12 welfare rights/new member meetings. The original goal of the EITC, to relieve the burden on low-income workers of paying the Social Security tax, has been supplemented specifically for this target group in providing an incentive to work. With the additional benefits provided by EITC, work is made relatively more attractive. The very lowest income workers are encouraged to work more hours because the amount of their credit increases as their earnings increase. Having an active network of local income women engaged in outreach and publicity about EITC, receiving general computer literacy training and specific support in becoming familiar with I-CAN!, and then serving as technical assistants at tax sites and participating CTCs will help insure that those not ordinarily involved have a greater opportunity of being pulled in. \$2,000 stipends are being provided for 15 low-income members of Survivors, Inc., specifically for this purpose, along with support for Survivors, Inc. to contribute its own outreach and publicity efforts and organize and administer the participation of these members.

In addition to these 15, we will support a similar program involving five low-income students at the UMass/Boston College of Public and Community Service who will provide outreach and assistance to the low-income student and staff community at the University of Massachusetts/Boston. This program will be implemented at the College's new Clark Taylor Multimedia Center, a CTCNet affiliate, and, as an additional incentive, be integrated into the College's competency-based curriculum to provide for appropriate computer/technology course credit for participating students, all of which will be overseen by the faculty coordinator of the new Community Media and Technology Program.

**Financial literacy campaign component** — The outcomes for people who use the system are not just measured in dollars. The EITC is a gateway to financial literacy. The model used by the Boston EITC Coalition campaign in tax year 2002/2003 demonstrates that if you can provide additional financial services to EITC eligible taxpayers, you can help to integrate them into the financial mainstream and provide resources and aid in individual and community wide economic empowerment. As is the consistent strategy of the campaign, partners were used to bring resources to the tax sites and taxpayers. Partnering with local banks, the campaign was able to develop bank-sponsored sites which provided dollars for volunteer support and the provision of staff at the sites who opened free accounts and did simple financial counseling. Some banks provided coupons, which allowed taxpayers to cash their EITC checks for free, even if they did not have accounts at those participating institutions.

The vision of the campaign moves beyond this simple bank partnership component. Existing outreach programs and surveys demonstrate that there is currently a public demand for financial literacy programs on the neighborhood level. We seek to deliver financial education on the community level through each EITC site. We anticipate a financial counselor model where we support a financial literacy coordinator on the central Coalition staff who helps to finalize the model and then oversees the operation of a counselor Corps, or *Traveling Financial Troubadour* group. The *Traveling Financial Troubadours* will be managed in the same way as a speakers bureau, with one central database and one coordinator from the Boston EITC Coalition who fields requests from partner agencies, establishes a master schedule, and manages communication among the various parties. The *Troubadours* will provide various service delivery models of financial education utilizing the FDIC's *Money Smart* curriculum tailored to the needs of the neighborhoods and clients.

Overall, in terms of specific numbers: project organizers anticipate we will be able to bring in more than 300 individuals, receiving close to \$1,500,000 in federal and state tax reimbursements, \$500,000 of this in EITC funds, with the majority of these coming in Boston through referrals to Coalition tax help sites (100) and direct service provided at CTCs (100). In the state, with the addition of the Massachusetts state tax form and state legal service office campaign interest, Boston EITC Coalition plans for regional outreach and organizing, and the outreach efforts of the Commonwealth Broadband Collaborative (CBC) with participation by partners in Cambridge, Somerville, Malden, and Lowell, a target number of 75 looks to be very modest and results could well be much greater. Nationally, with publicity through the CBC and the *Community Technology Review* as well as organizational presentations at conferences of CTCNet, the Alliance for Community Media, and other appropriate venues, we will target 25, who will reflect major organizational points of expansion as much as individuals served.

As EITC is starting to serve as a gateway to additional financial literacy opportunities, so I-CAN! opens another door towards involving low-income, low-literacy people in a wider program of computer access and literacy. We shall track the uses CTCs make of this opportunity through the project evaluation.

## II. Innovation

The innovative dimensions of this project are technical and human:

- Technically, the systems innovations are two fold:
  - I-CAN! is a sophisticated package, several years in development with IRS coordination, designed with multi-lingual, multimedia features to be easily accessible to the low-income, low-literacy ESOL majority of those who are EITC-eligible and not currently being reached. The modifications and additions to be added through this specific project will not only prepare it for use in Boston and throughout Massachusetts, but as general system enhancements, they will further prepare the system for implementation and use for the 2003 tax season and beyond.

It bears mention, too, that the volunteer management information systems development for the Boston EITC Coalition will not only enable the upcoming Boston campaign to operate more smoothly; it will also be available as a model—and actual system—to be used by participating programs throughout the Commonwealth that respond to and build off of the regional conference and follow-up development that takes place.

- The Commonwealth Broadband Collaborative itself is one of the most substantial innovations of the project, and merits attention for its establishment of a new conception of interactive public communication: the simultaneous cablecasting of community programming over multiple community cable access stations, concurrent with webcasting and live time chat is, a new configuration of cyberspace that dramatically increases the audience for voices that are rarely given expression in the mainstream media, and does so in a way that encourages them to be contributors and producers, not just passive consumers. The CBC was recently highlighted as one of the new innovations in broadband applications development and featured at the February 21<sup>st</sup> Broadband Forum

hosted by the Alliance for Public Technology at the Washington Press Club and highlighted in their joint report with the Benton Foundation of broadband development. One of the prime technical features of this network development is speccing out, refining, and testing the ability of community cable access centers to provide cable cast quality programming off of streaming video that is web-cast live and as video on demand.

- The extensiveness and nature of the human partnerships involved here is the other dimension of this project's innovative features. No matter how user-friendly a system is developed—and I-CAN! is exceptional in this regard—and no matter how extensive a new outreach tool, involving extending webcasting to cable-cast programs—the need for in-person involvement and hands-on support and assistance is crucial when dealing with low-income, literacy populations. The involvement of welfare rights and low-income community activists and students as organizers and technology assistants at CTCs marks a notable transformation in organizational relationships and partnerships and serves as a model for others in developing new processes for more effective services.

The EITC support project bears special comparison with at least three others programs given TOP support: the Medicare Rights Project in New York City, Seedco, also in NYC, one of the first back-to-work benefits projects; and the benefits check-up project in Chicago with AARP, an outgrowth of the Multi-Max benefits determination program developed initially in Boston. The Boston EITC Electronic Filing and Technology Access project complements and builds upon this work by offering an important complement in growing package of benefits programs for low-income people with special disabilities and needs that TOP supports, this one keying in on one of the country's most effective anti-poverty programs, established with work incentive orientations, where technology can make a difference in effectively helping a large number of people not currently reached receive substantial benefits for themselves and their communities. With regard to Seedco's development of The Worker's Individualized Support Tool (TWIST), we believe our work with I-CAN! can assist their Income Maximization efforts to connect disadvantaged individuals to the Earned Income Tax Credit, and we trust the development of our financial literacy component will benefit from their Asset Building efforts in financial literacy training, particularly as it has used computer resources for those purposes. The Boston EITC Electronic Filing and Technology Access project developers have benefited from the thoughtful human support components of these programs — we believe our partnership with CTCs and use of the Commonwealth Broadband Collaborative for a variety of outreach tasks can be useful components for these and other similar programs to learn from.

The CBC components as well as the central EITC program features and its use by CTCs in this project are especially relevant to TOP goals of:

- demonstrating innovative uses of network technologies, especially to underserved communities, in assisting in the delivery of social and community services;
- fostering communication, resource-sharing, and economic development; and
- extending and improving the delivery of valuable services and opportunities to all Americans,

### III. Community Involvement

The multi-layer, multi-level nature of the collaborations involved in this project attest to its deep rootedness across a wide range of community institutions and organizations. The Boston EITC

Working Coalition itself represents depth and breath of involvement: joining the City of Boston, the Internal Revenue Service, the Federal Reserve Bank of Boston and Federal Deposit Insurance Corporation, the Greater Boston Chamber of Commerce, the Annie E. Casey Foundation and the Boston Foundation are Action for Boston Community Development, AARP, the Massachusetts Association of CDCs, Jewish Vocational Services, Greater Boston Legal Services, and 16 community-based organization local tax prep centers.

From this project, Boston EITC coalition members will receive an upgraded volunteer and data management system and staffing capacity to use it; an additional network for its referral and outreach needs to bringing on board more organizations to promote EITC, attract volunteers, and bring in eligible applicants; and a new group of community technology service partners through the participating CTCs who, in turn, will be providing I-CAN! electronic filing services as well as the involvement of Survivors, Inc. members and low-income students. For I-CAN!, its benefits will be an enhanced system, demonstrated project implementation, and wider network for its own development and expansion. For participating CTCs, here is a new program servicing its constituents and opening the door to computer literacy and training; for Survivors' Inc., another key benefit program to be involving its members with, with an opportunity to gain skills and experience through their own involvement as technical assistance providers at CTCs. For continuing users and participants at CTCs, here is another program with substantial benefits, and for recipients who have not hitherto been to a CTC, here is the entryway opportunity to begin making meaningful and profitable use of technology and be introduced to the wider world of access and support to use it more widely.

A map and list of Boston EITC tax help sites and full listing of Boston area and Massachusetts affiliates of CTCNet is appended. An overview of all the participating organizations is appended with their letters of participation and further substantiates the project's extensive level of community involvement.

#### IV. Evaluation and Dissemination

Each of the programmatic components involving the Boston EITC Coalition and I-CAN! builds upon its own evaluations. Special evaluation of this project will be undertaken by the William H. Trotter Institute for the Study of Black Culture, founded in 1984 to address issues facing the Black Community in Massachusetts through research and publication, evaluation, technical assistance, and public service. Recent related evaluation work includes: *The CTC AmeriCorps\*VISTA PROJECT Assessment Report*, *Evaluation of Construction Industries Training Assistance Program*, and *An Evaluation of the City of Lawrence Business Assistance Center*. In overseeing the benchmark reporting on number of applicants served and funds generated, follow-up applicant involvement with technology access and education and financial literacy, the evaluator will include an evaluation of two components: (1) the technology itself and how it interfaces with users, and (2) the outreach and human network component that brings the technology to the clients.

In addition to the evaluation of the EITC project outcomes, we propose to work with the Trotter Institute to examine the development of institutional relationships between EITC project-involved organizations and community technology and media centers and the reach and effectiveness of the Commonwealth Broadband Collaborative. The evaluation is further detailed in the appended letter from the Trotter Institute.

As has been noted, diffusion, dissemination, sharing lessons, and replicability are integral to this project. The outreach provided by the Commonwealth Broadband Collaborative network will not only provide an EITC project presence throughout the region, but is also expected to provide a model of regional multimedia outreach and communication more generally. The project will be publicized through the conferences, publications, communications, and web links of the project association partners including the regional and national conferences of the Alliance for Community Media and the Community Technology Centers' Network, their respective web sites, and the hardcopy and online versions of *The Community Technology Review* which is highlighting I-CAN! as well as the CBC in the spring '03 issue and is appended.

## V. Project Feasibility

As each of the project's components is already under development and implementation, the sustainability of the project is assured with this TOP proposal which is designed primarily to integrate and accelerate them all. Dealing with sensitive personal financial information, privacy and security are key considerations in both I-CAN! and Boston EITC Coalition information management systems. An implementation schedule focused on pretax season planning and organization, early '04 through mid-April implementation, and post-April assessment and planning helps build in the 18 month project schedule in preparation for organizing for the 2004 tax year campaign.

In terms of feasibility, it is useful to note the central role played by UMass/Boston's College of Public and Community Service, from which, as noted above, Boston Mayor Tom Menino is one of its distinguished graduates. In addition to being the prime applicant and organizer of the project, the College will house the project in the Community Resource Center (CRC), adjoined to the newly-established Community Studies program, an interdisciplinary, intercollegiate unit that identifies, builds, and sustains community partnerships, links faculty research initiatives with community needs, and helps students put their knowledge and skills to practice as they respond to those needs. The CRC will work with Community Media and Technology program which oversees the Clark Taylor Multimedia Center and the CTC VISTA Project, publishes the *Community Technology Review*, and is a key CBC organizer. College staff serve on the board of directors of Survivors, Inc. Beyond the various partners who are part of the College, in general a good number of the collaborative partners brought together for the Boston EITC Electronic Filing and Technology Access project have a demonstrated history of cooperative work to build upon and help insure its feasibility.

The appended overview of participating organizations and key staff involved in this project, including the evaluators, further substantiates the project's feasibility.